

## EXECUTIVE OFFICE OF THE PRESIDENT

### Open Meetings of Policy Dialog Advisory Committee to Assist in the Development of Measures to Significantly Reduce Greenhouse Gas Emissions From Personal Motor Vehicles

**AGENCY:** Executive Office of the President.

**ACTION:** Meetings of Policy Dialog Advisory Committee.

**SUMMARY:** The Executive Office of the President has established a Policy Dialog Advisory Committee to assist in the development of measures to significantly reduce greenhouse gas emissions from personal motor vehicles. The fifth meeting of this committee will be held on January 19 and 20, 1995. The committee's meetings are open to the public without need for advance registration.

**DATES:** The committee will meet on January 19, 1995 from 9:30 a.m. to 5:30 p.m., and on January 20, 1995 from 8:30 a.m. to 4:30 p.m.

**ADDRESSES:** Both sessions of the meeting will be held in Room 2230 at the United States Department of Transportation, 400 7th Street, SW., Washington, DC.

**FOR FURTHER INFORMATION CONTACT:** For information pertaining to the substantive issues to be dealt with by the advisory committee, contact: Ellen Seidman, Special Assistant to the President for Economic Policy, Washington, DC 20500, phone (202) 456-2802, fax (202) 456-2223; Henry Kelly, Assistant Director for Technology, Office of Science and Technology Policy, phone (202) 456-6034, fax (202) 456-6023; Wesley Warren, Associate Director, Office on Environmental Policy, phone (202) 456-6224, fax (202) 456-2710; or Michael Toman, Senior Economist, Council of Economic Advisors, phone (202) 395-5012, fax (202) 395-6853. For information pertaining to administrative matters contact: Deborah Dalton, Environmental Protection Agency, 401 M Street, SW., Washington, DC 20460, phone (202) 260-5495. Information about the Committee is also available on the Technology Transfer Network of the Office of Air Quality Planning & Standards of the Environmental Protection Agency, which can be accessed electronically by calling (919) 541-5742. Help in accessing the system can be obtained by calling (919) 541-5384 between 1 and 5 Eastern Standard Time. neither of these numbers is a toll-free number.

Agenda for the Meeting: The topics that will be covered at the meeting are:

- Completion of work on baselines for projected growth of greenhouse gas emissions;
- Continued discussion of policy options relating to vehicle miles travelled, alternative fuels and alternative fueled vehicles, and vehicle fuel efficiency;
- Discussion of relationship of work of Advisory Committee to work of the President's Council on Sustainable Development.

Dated: December 27, 1994.

**W. Bowman Cutter,**

*Deputy Assistant to the President for Economic Policy.*

**John H. Gibbons,**

*Director, Office of Science and Technology Policy.*

**Kathleen A. McGinty,**

*Director, Office of Environmental Policy.*

[FR Doc. 94-32182 Filed 12-30-94; 8:45 am]

**BILLING CODE 3195-01-M**

## FEDERAL RESERVE SYSTEM

[Docket No. R-0778]

### Federal Reserve Bank Services

**AGENCY:** Board of Governors of the Federal Reserve System.

**ACTION:** Notice.

**SUMMARY:** In February 1994, the Board approved the expansion of the Fedwire on-line funds transfer service operating hours to 18 hours a day, from 12:30 a.m. to 6:30 p.m. Eastern Time (ET), beginning in early 1997. Currently, the Fedwire funds transfer service operates 10 hours a day, from 8:30 a.m. ET to 6:30 p.m. ET. The Board has delayed the implementation of the expanded Fedwire on-line funds transfer operating hours until fourth quarter 1997 to provide banks that intend to participate during the expanded hours an opportunity to first complete their conversion to the new Fedwire format. The Board believes a modest delay in the implementation of the earlier Fedwire opening time will be sufficient to address industry concerns regarding the interdependencies between the two Fedwire initiatives, while not deferring for a significant period of time the potential changes in payments and settlement practices that can contribute to reductions in Herstatt risk. A specific implementation date will be announced one year in advance of the effective date.

**FOR FURTHER INFORMATION CONTACT:** Louise L. Roseman, Associate Director

(202/452-2789), Gayle Brett, Manager (202/452-2934), or Lisa Hoskins, Project Leader (202/452-3437), Division of Reserve Bank Operations and Payment Systems. For the hearing impaired *only*, Telecommunication Device for the Deaf (TDD), Dorothea Thompson (202/452-3544).

**SUPPLEMENTARY INFORMATION:** In February 1994, the Board announced approval of the expansion of the Fedwire on-line funds transfer service operating hours to 18 hours a day, from 12:30 a.m. to 6:30 p.m. Eastern Time (ET), beginning in early 1997.<sup>1</sup> (59 FR 8981, February 24, 1994) In its announcement, the Board identified two public policy objectives for the Fedwire funds transfer service. Fedwire should:

(1) Provide a means that can be used to enhance the safety and efficiency of the U.S. dollar settlement arrangements, including arrangements that rely on interbank settlement of netted positions, particularly during periods of financial stress, and

(2) Respond to the needs of both existing and emerging financial markets, including overseas markets, which depend on the U.S. dollar and are increasingly reliant on state-of-the-art technology.

With these public policy objectives in mind and after extensive contact with representatives of commercial banks, brokers and dealers, clearing organizations, and corporate treasurers, the Board concluded that expanded Fedwire funds transfer operating hours could be a useful component of private-sector initiatives to reduce settlement risk in the foreign exchange markets. In addition, the Board concluded that expanded Fedwire funds transfer operating hours will eliminate an operational barrier to potentially important innovation in privately-provided payment and settlement services.

At the same time, the Board recognized the need stressed by the industry representatives that a long lead-time would be necessary for banks to make the necessary investments in new technology and the modifications to operating procedures in preparation for participating in expanded funds transfer operating hours. In particular, many banks would need to make significant automation and procedural changes in their end-of-day processing, which includes many batch operations, in order to obtain opening-of-business customer account balances earlier than they do today. Thus, when announcing

<sup>1</sup> Currently, the Fedwire funds transfer service operates 10 hours a day, from 8:30 a.m. ET to 6:30 p.m. ET.

the earlier Fedwire opening time, the Board indicated that the expansion would not take place until early 1997 and that a specific implementation date would be announced one year prior to the expansion.

Subsequent to the Board's February announcement, the Board received comments on a proposal to expand the Fedwire funds transfer format. (58 FR 33366, December 1, 1993) The Board had proposed completing the implementation of the new format by year-end 1996; many commenters requested a longer period of time to complete this conversion. In addition, commenters expressed the desire to complete the conversion to the expanded format prior to the expansion of Fedwire funds transfer operating hours. These commenters indicated that it would be burdensome for them to pursue both initiatives simultaneously as many of the same automation and human resources would be necessary to accomplish both initiatives.

Board and Reserve Bank staff recently discussed with representatives of money center and regional banks the interdependencies between these two Fedwire initiatives. In these discussions, bankers indicated that, despite the Board's statement that participation in expanded Fedwire funds transfer operating hours will be voluntary, they believe that competitive pressures will mandate their participation. Some of these bankers also indicated that they needed to modify their systems to provide a means to send during the early hours only those funds transfers destined for banks that are open during the early hours. In addition, some bankers indicated that they intend to provide a mechanism by which their customers can designate which of their funds transfers should be sent during the early hours. Some of the bankers indicated that they did not want to make changes to the customer interface to their current Fedwire software, when soon thereafter they would have to change that software (and the customer interface) to accommodate the new Fedwire format. These bankers indicated that the implementation of expanded operating hours should follow the new format after a lag; suggested time frames were as short as three months and as long as twelve months.

Separately, bankers and representatives from clearing organizations have indicated in a variety of forums that steps should be taken to reduce Herstatt risk and that such steps can take advantage of expanded Fedwire funds transfer operating hours. For example, the New York Clearing House recently announced that it is evaluating

a possible earlier opening time and multiple settlements for the Clearing House Interbank Payments Systems (CHIPS). In addition, Multinet International has indicated that it plans to take advantage of earlier Fedwire operating hours to settle dollar obligations arising from its proposed netting service.

The Board has considered whether to delay somewhat the implementation of expanded funds transfer operating hours. Such a delay could reduce the operational burden on banks in complying with this initiative in light of the new funds transfer format, but also would withhold the potential benefits from banks and clearing organizations that intend to use the expanded funds transfer operating hours in developing solutions to reduce Herstatt risk.

The Board believes that the majority of banks that may intend to participate in the early funds transfer operating hours will be the same banks that are likely to complete their conversions to the new Fedwire funds transfer format early in the implementation schedule. The Board has approved an expanded Fedwire format and an implementation schedule for conversion to the new format. (See notice elsewhere in today's **Federal Register**.) Based on the approved implementation schedule for the new format, the earliest that banks can complete their format conversion is June 23, 1997.<sup>2</sup> It is possible that some banks wanting to participate in expanded operating hours likely would not be converted totally to the new format until later in 1997.

The Board believes that a modest delay in the implementation of the earlier Fedwire opening time would be sufficient to address concerns raised by the larger banks regarding the potential operational burden of implementing these two initiatives concurrently, while not deferring for a significant period of time the potential changes in payments and settlement practices that can contribute to reductions in Herstatt risk. Therefore, the implementation of the expanded Fedwire funds transfer operating hours will be delayed until fourth quarter 1997. A specific implementation date will be announced approximately one year in advance of the effective date. A late 1997 implementation of expanded Fedwire

funds transfer operating hours will provide an approximate four-month lag for those banks that choose to complete their Fedwire format implementation early in the conversion schedule.

By order of the Board of Governors of the Federal Reserve System, December 21, 1994.

**William W. Wiles,**

*Secretary of the Board.*

[FR Doc. 94-31979 Filed 12-30-94; 8:45 am]

**BILLING CODE 6210-01-P**

#### [Docket No. R-0817]

#### **Federal Reserve Bank Services**

**AGENCY:** Board of Governors of the Federal Reserve System.

**ACTION:** Notice of service enhancement.

**SUMMARY:** The Board has approved a proposal to expand the Fedwire funds transfer format and adopt a more comprehensive set of data elements. The new format will be implemented fully by year-end 1997. An expanded Fedwire funds transfer format will improve efficiency in the payments mechanism by reducing the need for manual intervention when processing and posting transfers. Further, the new format will eliminate the need to truncate payment-related information when forwarding payment orders through Fedwire that were received via other large-value transfer systems, such as the Clearing House Interbank Payments System (CHIPS) and the Society for Worldwide Interbank Financial Telecommunication (S.W.I.F.T.) system. The increased size and more comprehensive set of data elements associated with the new format will permit the inclusion of the name and address of the originator and beneficiary of a transfer, which is required under regulations adopted by Treasury.

**DATES:** Institutions can implement the capability to receive Fedwire transfers in the new format beginning July 1, 1996. Institutions can implement the capability to send Fedwire transfers in the new format beginning June 23, 1997, at which time all institutions must have the capability to receive new-format messages. The conversion to the new Fedwire format must be completed by December 29, 1997.

#### **FOR FURTHER INFORMATION CONTACT:**

Louise L. Roseman, Associate Director (202/452-2789), Gayle Brett, Manager (202/452-2934), or Sandra Scales, Financial Services Analyst (202/452-2728), Division of Reserve Bank Operations and Payment Systems. For the hearing impaired only: Telecommunications Device for the

<sup>2</sup>The implementation plan for the new Fedwire format consists of a two-phased implementation wherein participants begin receiving Fedwire transfers in the new format before they begin sending new-format transfers. The implementation plan also will allow a subset of institutions to implement both the receive and send capabilities on a same-day basis on the first day of the second phase.